



U.S. Fish & Wildlife Service

Briefing Paper

DATE: December 20, 2007 STATE: CA

PREPARED BY: Stephen M. Dyer, Realty Officer; Region 8

FROM: US Fish and Wildlife Service

SUBJECT: Cargill Acquisition Appraisal Process History

PURPOSE OF BRIEFING DOCUMENT: Define the steps and timeline taken during the appraisal process for the Cargill acquisition.

ISSUES: The Fish and Wildlife Service (FWS) and the State of California's Wildlife Conservation Board worked in a cooperative effort to acquire 16,500 acres of land at from Cargill Inc. Below is a summary of steps undertaken to acquire this land.

MAIN DECISION OR MESSAGE: Because of the anticipated high market value for the Cargill property, FWS policy required that two appraisals be completed and submitted for review. In August, 1999, a Statement of Work was prepared, and the contract to appraise the Cargill property went out for bid. This contract covered the entire 18,000 acres originally offered for sale by Cargill. In May, 2000, the FWS contracted with Charles M. Bailey MAI, and Cargill Inc., contracted with its own private appraiser, Joseph Ainsworth, Esq., MAI to appraise the Cargill property. During the course of the appraisal process, it was learned that the property may have potential for mitigation value. The appraisers felt that mitigation was not their area of expertise, so Wildlands, Inc. was hired to provide information regarding mitigation potential to both appraisers. In December, 2000 both appraisals were completed and submitted for review.

On December 11, 2000, in cooperation with FWS, the State of California hired Jones, Roach & Caingella Inc., an independent Appraisal firm to review both appraisals to ensure that the appraisals were done to federal standards, and to make recommendations to both the State and the FWS on which report best represented the fair market value of the property.

On March 30, 2001, the review was completed, and in a letter dated March 30, 2001, the independent firm recommended that the Charles M. Bailey's report be approved. The review confirmed that both appraisals were written to conform to Uniform Appraisal Standards for Federal Land Acquisitions, and to the Uniform Standards of Professional Appraisal Practice. The review was prepared in compliance with Standard 3 of the Uniform Standards of Professional Practices as established by the Appraisal Foundation. The report recommended an appraised value of \$338,800,000.

On April 23, 2001, the \$338,800,000 value was reviewed and approved by both the State of California and the FWS Regional Review Appraiser. This value included the Redwood City and Pond A-18 site.

On August 3, 2001, an amendment to the approved Bailey appraisal was prepared which removed the Redwood City and Pond A-18 sites. This reduced the acreage to 16,500 acres and the appraised value to \$243,300,000. The revised appraised value was subsequently approved by both the State of California and the FWS.

On May 15, 2002 the Service received approval from the Director to waive the need to update the appraisal. The prime justification to support the waiver was that with the encouragement of Senator Feinstein, Cargill was now offering the 16,500-acre property at the reduced rate of \$100 million which was significantly below the actual appraised value of \$243,300,000.+ Based upon

this information, the Regional Review Appraiser concurred that the reduced purchase price would fall well below the current estimated/approved market value of \$243,300,000; the risk of the Service paying above the appraised value for the property was considered to be negligible; and a waiver to FWS policy (which required that an appraisal be updated once it was over a year old) was deemed to be appropriate in this instance.

On January 31, 2003 a negotiated purchase agreement was signed by Cargill, the FWS and the State of California which formalized the purchase of the Cargill property.

After all parties agreed and their individual policies and procedures were completed and adhered to, the Cargill property was acquired on March 3, 2003.

Final Breakdown of the Acquisition:

FWS spent \$8,000,000 and received approximately 9,600 acres of land (a combination of fee title and reserved salt making and other property rights) in the Alviso and the West Bay evaporating ponds. This area is presently being managed as part of D.E. San Francisco Bay NWR

State of California spent \$72,000,000 and received approximately 6,900 acres (a combination of fee title and reserved salt making and other property rights), in the Baumberg evaporating ponds, and the Napa plant site.

Hewlett, Moore and Packard Foundations, and Goldman and Resource Legacy Funds contributed \$20,000,000 and did not acquire any interest in the Cargill property.

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SPECTIVE:**

All appraisals completed for the Cargill acquisition were written to conform to Uniform Appraisal Standard for federal land acquisitions, and to the Uniform Standards of Appraisal Practice. The review was prepared in compliance with Standard 3 of the Uniform Standards of Professional Appraisal Practice established by the Appraisal Foundation. The negotiated purchase price of \$100,000,000 was significantly lower than the approved appraised value of \$243,300,000 and the FWS Regional Review Appraiser concurred with the justification to waive FWS policy to update the approved appraisal.

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